

Message Text

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ACTION EB-07

INFO OCT-01 EA-09 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 /104 W

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P 160828Z JAN 76

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC PRIORITY 6125

UNCLAS TOKYO 0643

E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: ITC STAINLESS STEEL FLATWARE INVESTIGATION

REF: STATE 304387

EUMMARY: MAJOR JAPANESE PRODUCERS OF STAINLESS STEEL MILL PRODUCTS USED IN MANUFACTURE OF TABLE FLATWEARE ADVISED EMBASSY THAT IT IMPOSSIBLE TO COMPARE JAPANESE EXPORT PRICES OF STAINLESS STEEL PRODUCTS TO U.S.WITH THOSE TO S. KOREA, OR TAIWAN BY AISI TYPE NUMBERS AND DIMENSIONS ONLY. THEY ASSERT THAT QUALITY AND FINISHING, WHICH CAN VARY WITHIN SAME AISI NUMBER AND DIMENSION, ARE ALSO IMPORTANT FOR PRICE COMPARISONS OF THSE PRODUCTS. END SUMMARY.

1. MAJOR JAPANESE PRODUCERS OF STAINLESS STEEL MILL PRODUCTS FOR TABLE FLATWARE STATED THAT THEIR EXPORTS TO THE U.S. ARE LIMITED TO HIGH QUALITY PRODUCTS USED FOR MANUFACTURE OF HIGH QUALITY TABLE FLATWARE, WHILE THOSE EXPORTED TO S. KOREA AND TAIWAN ARE USED FOR MANUFACTURE OF LOW QUALITY PRODUCTS. IN THE U.S., THEY NOTED, TABLE FLATTWARE IS USUALLY MANNUFACTURED FROM COILS OF COLD ROLLED STRIP BY A CONTINUOUS MECHANICAL PROCESS. THIS MEANS THAT TOLERANCE FOR VARIATION IN QUALITY AND DIMENSION OF THE STEEL IS VERY LIMITED. IN S. KOREA
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AND TAIWAN MOST TABLE FLATWARE IS MANUFACTURED IN PIECE-

BY-PIECE MANUAL PUNCHING OF COLD ROLLED STRIP CUT INTO SHEETS AND THUS THERE IS LESS NEED FOR PRECISION IN STAINLESS STEEL STRIP.

2. ACCORDING TO MYODO METAL CO., LTD., WHICH ACCOUNTS FOR MORE THAN 80 PERCENT OF JAPANESE EXPORTS OF COLD ROLLED STAINLESS STEEL SHEETS TO TABLE FLATWARE MANUFACTURERS IN S. KOREA, TAIWAN, AND OTHER SOUTHEAST ASIA COUNTRIES, THE TYPICAL CONTRACT WITH THESE COUNTRIES CALLS FOR THE EXPORT OF AISI TYPE 410, ANNEALED ONLY, COLD ROLLED STRIP CUT IN RANDOM LENGTHS FROM 1.8 - 4 METERS. IN CONTRAST CONTRACTS WITH U.S. MANUFACTURERS OF TABLE FLATWARE CALL FOR THE SAME AISI NUMBER OF COLD ROLLED STRIP IN COILS, SLIT IN A PRECISE WIDTH AND TREATED WITH PICKLING AND OTHER FINISHING PROCESSES. THE COMPANY STATED THAT THE COMPARISON OF EXPORT PRICES BY AISI NUMBER AND DIMENSION IS MEANINGLESS AND REFUSED TO DISCLOSE ACTUAL EXPORT PRICES.

3. MAJOR JAPANESE MANUFACTURERS OF STAINLESS STEEL MILL PRODUCTS (NIPPON KINZOKU, TAKASAGO TEKKO, NIPPON YAKIN, NISSHIN STEEL, NIPPON METAL INDUSTRY, NIPPON STAINLESS STEEL, KAWASAKI STEEL, NIPPON STEEL, AND DAIDO STEEL) DO NOT DIRECTLY EXPORT COLD ROLLED STRIP AND RODS FOR MANUFACTURE OF TABLE FLATWARE TO S. KOREA AND TAIWAN. THEY STATED THAT THERE MIGHT BE A POSSIBILITY OF LOW PRICE EXPORTS TO SOUTHEAST ASIAN COUNTRIES OF THEIR OFF-GRADE STRIP AFTER REROLLING AND RESLITTING BY SMALL PROCESSORS.

4. ACCORDING TO JAPANESE CUSTOMS BUREAU, JAPANESE AVERAGE FOB EXPORT PRICES OF ALL TYPES OF STAINLESS STEEL "BARS AND RODS" CLASSIFIED UNDER JAPANESE COMMODITY CLASSIFICATION NUMBER (673-264) FOR FOREIGN TRADE STATISTICS AND ALL TYPES OF "HOOP AND STRIP" (675-063) TO S. KOREA, TAIWAN, AND THE U.S. IN 1973, 1974, AND THE FIRST TEN MONTHS OF 1975 ARE AS FOLLOWS:

UNIT CENTS PER POUND

	1973	1974	JAN-OCT	1975
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BARS AND RODS:

S. KOREA	27.36	55.59	70.18
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TAIWAN	39.68	46.22	53.38
U.S.A.	51.95	64.86	68.00
ALL COUNTRIES	41.27	56.73	57.63

HOOP AND STRIP:

S. KOREA	24.63	26.91	29.51
TAIWAN	26.50	31.43	30.72
U.S.A.	54.76	60.89	55.52

ALL COUNTRIES 38.67 49.27 46.94

U.S. DOLLAR/YEN CONVERSION RATES:

ONE DOLLAR EQUALS 271 YEN FOR 1973

ONE DOLLAR EQUALS 292 YEN FOR 1974

ONE DOLLAR EQUALS 295 YEN FOR 1975

5. EMBASSY UNABLE TO LOCATE MANUFACTURERS OF TRADING
FIRMS EXPORTING COLD ROLLED RODS CUT IN SPECIFIC LENGHES
TO TABLE FLATWARE MANUFACTURERS IN S. KOREA AND TAIWAN.

6. EMBASSY WILL MAKE FURTHER INVESTIGATION IF NAMES AND
ADDRESSES OF SPECIFIC JAPANESE MANUFACTURERS OR TRADING
FIRMS INVOLVED IN THIS CASE CAN BE FURNISHED.

HODGSON

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: IMPORTS, STAINLESS STEELS, INVESTIGATIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976TOKYO00643
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760018-0236
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760148/aaaabqof.tel
Line Count: 129
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 STATE 304387
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 17 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 JUN 2004 by schwenja>; APPROVED <03 DEC 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITC STAINLESS STEEL FLATWARE INVESTIGATION
TAGS: ETRD, JA, US, ITC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006